



ASX / Media Release

28 October 2013

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FKP Property Group Announces Accelerated Non-Renounceable Pro-Rata Entitlement Offer to Raise \$232 Million

FKP Property Group (“FKP”) (ASX:FKP) today announced an underwritten 5 for 9 accelerated non-renounceable pro-rata entitlement offer (“Entitlement Offer”) of new fully paid ordinary stapled securities (“New Stapled Securities”) to its existing Stapled Securityholders, to raise gross proceeds of approximately \$232 million.

Entitlement Offer

The offer price of \$1.30 per New Stapled Security (“Offer Price”) represents a 36.0% discount to the closing price of FKP’s existing stapled securities (“Stapled Securities”) on the Australian Securities Exchange (“ASX”) on 25 October 2013 of \$2.03, a 26.5% discount to the theoretical ex-rights price of \$1.77¹ and a 52.5% discount to FKP’s pro-forma² net tangible assets per Stapled Security as at 30 June 2013 (“NTA”) of \$2.74.

FKP’s largest Stapled Securityholder, Mulpha³, has committed to take up its full entitlement under the Entitlement Offer. Mulpha holds approximately 26.2% of FKP as at the date of this announcement. In addition, Mulpha has also committed to sub-underwrite an additional amount of up to \$20m of the Entitlement Offer.

Use of Proceeds

The net proceeds raised from the offering will be used to de-lever and extinguish substantially all short-term debt maturities, thereby improving FKP’s capital position. The raising will enable FKP to accelerate its implementation of the stated strategy of being a pure retirement developer, manager and owner.

FKP’s gearing as at 30 June 2013 is expected to substantially decrease from 31.5% to 19.3% on a pro-forma basis, following completion of the Entitlement Offer.

Chief Executive Officer of FKP, Mr Geoff Grady said: “Following a detailed review of the business, capital structure and obligations of FKP, it was determined that an equity raise provided the best path forward to enable FKP to de-lever and meet its short-term debt maturities, while better positioning the company to deliver on its pure play retirement operator strategy.”

¹ Theoretical ex-rights price (“TERP”) is the theoretical price at which Stapled Securities should trade immediately after the ex-date of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Stapled Securities trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to FKP’s closing price of \$2.03 per Stapled Security on 25 October 2013 being the last trading day prior to the announcement of the Entitlement Offer.

² Pro-forma data in this announcement gives effect to the Entitlement Offer, the application of the proceeds of the Entitlement Offer and the other matters referred to in the Investor Presentation (as defined below) as though they occurred on 30 June 2013 unless stated otherwise.

³ References to Mulpha in this announcement are references to the wholly-owned subsidiaries of Mulpha International BHD which are substantial holders of Stapled Securities.

Details of the Entitlement Offer

The Entitlement Offer is an underwritten⁴ accelerated non-renounceable entitlement offer under which eligible Stapled Securityholders will be entitled to acquire 5 New Stapled Securities for every 9 existing Stapled Securities held as at 7.00pm (AEDT) on Thursday, 31 October 2013 ("Record Date") at a price of \$1.30 per New Stapled Security.

The Entitlement Offer is expected to raise gross proceeds of approximately \$232 million, with the institutional component ("Institutional Entitlement Offer") comprising approximately \$177 million and the retail component ("Retail Entitlement Offer") comprising approximately \$55 million. New Stapled Securities issued under the Entitlement Offer will rank equally with the existing Stapled Securities.

Eligible institutional Stapled Securityholders will be invited to participate in the Institutional Entitlement Offer which will take place from Monday, 28 October 2013 to 9:00am (Sydney time) to Tuesday, 29 October 2013. As the Entitlement Offer is non-renounceable, entitlements not taken up by eligible institutional Stapled Securityholders and entitlements of ineligible Stapled Securityholders will be placed into the institutional bookbuild, with Stapled Securityholders who did not take up their entitlement not receiving any proceeds from the sale of these entitlements.⁵ The institutional bookbuild will be conducted on Tuesday, 29 October 2013.

The Retail Entitlement Offer is expected to open on Monday, 4 November 2013 and close at 5.00pm (Sydney time) on Wednesday, 27 November 2013. Eligible retail Stapled Securityholders may also apply for Stapled Securities in excess of their entitlements ("Additional New Stapled Securities") at the Offer Price up to a maximum additional amount of \$100,000. Additional New Stapled Securities will only be allocated to eligible retail Stapled Securityholders if available. FKP may apply any scale-back to applications for Additional New Stapled Securities in its absolute discretion. Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Eligible retail Stapled Securityholders who do not take up their entitlements in full will not receive any value in respect of those entitlements they do not take up.

Additional information in relation to the Retail Entitlement Offer will be provided in the Retail Offer Booklet, which FKP expects to lodge with the ASX and mail to eligible retail Stapled Securityholders on or about Monday, 4 November 2013.

Entitlement Offer Timetable

Institutional Entitlement Offer opens	Mon 28 October 2013 (Before market open)
Institutional Entitlement Offer closes	Tue 29 October 2013
Institutional bookbuild	Tue 29 October 2013
Stapled Securities recommence trading on ASX	Wed 30 October 2013
Record Date for Entitlement Offer eligibility (7.00pm (Sydney time))	Thu 31 October 2013
Retail Offer Booklet mailed	Mon 4 November 2013
Retail Entitlement Offer opens	Mon 4 November 2013
Last day of receipt of application for early retail settlement	Fri 8 November 2013
Institutional settlement and settlement of early retail applications	Mon 11 November 2013

⁴ The commitment by Mulpha to take up its entitlement in full is not underwritten.

⁵ If required by section 615 of the *Corporations Act 2001* (Cth) ("Corporations Act"), FKP will appoint a nominee for ineligible stapled securityholders ("Nominee") who will conduct a process seeking to sell the entitlements to subscribe for the New Stapled Securities that would have been available for subscription by ineligible stapled securityholders had they been eligible to participate in the Entitlement Offer. There is no guarantee that any proceeds will be realised from the sale of entitlements or New Stapled Securities in relation to the sale process under section 615 of the Corporations Act in respect of the Entitlement Offer (if applicable).

Institutional and early retail applicant New Stapled Securities issued and start trading	Tue 12 November 2013
Retail Entitlement Offer closes (5.00pm (Sydney time))	Wed 27 November 2013
Settlement of Retail Entitlement Offer (excluding early applications)	Thu 5 December 2013
New Stapled Securities issued under Retail Entitlement Offer commence trading on a normal basis	Mon 9 December 2013

The above timetable is indicative only and subject to change. FKP, in conjunction with the underwriter and subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to vary any of the above dates, including the Retail Entitlement Offer closing date, without notice and to accept late applications, in each case, either generally or in particular cases. FKP also reserves the right not to proceed with the whole or part of the Entitlement Offer at any time prior to issue of New Stapled Securities under the Retail Entitlement Offer. In that event, application money will be returned without interest. The commencement of quotation of New Stapled Securities is subject to confirmation from ASX.

Eligible retail Stapled Securityholders are encouraged to carefully read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer. Stapled Securityholders who are in any doubt as to how they should respond should consult their stockbroker, accountant or other independent professional adviser without delay.

Stock Lending and Other Transactions

FKP has been provided with a confirmation from ASX that allows it, in determining entitlements under the Entitlement Offer, to ignore any changes in security holdings that occur after the commencement of the trading halt (other than registration of transactions that were effected through ASX Trade before the halt).

Accordingly, a person who is a registered FKP Stapled Securityholder at 7.00pm (Sydney time) on the Record Date as a result of a dealing that occurred after the commencement of the trading halt (other than registrations of transactions that were effected through ASX Trade before the halt) may not be entitled to receive an entitlement under the Entitlement Offer. If an FKP Stapled Securityholder has existing Stapled Securities out on loan at the Record Date, the borrower will be regarded as the Stapled Securityholder for the purposes of determining entitlements under the Entitlement Offer (provided that those borrowed securities have not been on-sold).

ENDS

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About FKP

With more than 30 years experience in the Australian property industry, FKP Property Group (FKP) is one of Australia's leading diversified property and investment companies. FKP successfully operates an integrated business model which includes retirement, property investment and funds management, land development, property development (incorporating residential, retail, industrial and commercial) and construction across Australia and New Zealand.

Issued by FKP Property Group (ASX: FKP) comprising FKP Limited ABN 28 010 729 950 and FKP Funds Management Limited ABN 17 089 800 082, AFSL No. 222273 as Responsible Entity for the FKP Property Trust ARSN 099 648 754.

Disclosures regarding forward-looking statements

This announcement contains certain 'forward-looking statements'. Forward-looking statements include those containing words such as: 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions. Any forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of FKP, including the risks and uncertainties described in the 'Key risks'

section in the investor presentation given to ASX by FKP on the date of this announcement ("Investor Presentation"). This includes any statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements may include indications, projections, forecasts and guidance on sales, earnings, dividends, distributions and other estimates. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of FKP Property Group's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond FKP Property Group's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, FKP assumes no obligation to update these forward-looking statements. To the maximum extent permitted by law, FKP, its directors, the underwriter and any of its related bodies corporate and affiliates, and their officers, partners, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this announcement to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement, and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

Not an offer

This announcement is not and should not be considered as an offer or an invitation to acquire New Stapled Securities or any other financial product and does not and will not form any part of any contract for the acquisition of New Stapled Securities.

The Entitlement Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the entitlements or the New Stapled Securities, or otherwise permit a public offering of the New Stapled Securities, in any jurisdiction outside of Australia, New Zealand and the jurisdictions referred to in Appendix i ('Selling Restrictions') of the Investor Presentation.

This announcement and any material accompanying it may not be released or distributed in the United States. This announcement and any material accompanying it does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The entitlements and the New Stapled Securities and the Additional New Stapled Securities have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The entitlements may not be taken up by persons in the United States and the New Stapled Securities and the Additional New Stapled Securities may not be offered or sold in the United States, except in transactions exempt from, or not subject to the registration requirements of the U.S. Securities Act of 1933 ("Securities Act") and the applicable securities laws of any state or other jurisdiction of the United States. The New Stapled Securities and the Additional New Stapled Securities to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the Securities Act) in compliance with Regulation S under the Securities Act.

Disclosure

The underwriter, together with its affiliates, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, margin lending, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses. The underwriter, in conjunction with its affiliates, is acting as a sole lead manager, bookrunner and underwriter to the pro-rata, accelerated and non-renounceable entitlement offer of stapled securities by FKP Property Group. Goldman Sachs and/ or its affiliates may receive fees and customary expenses for acting in this capacity. As at 28 October 2013, an affiliate(s) of the underwriter holds an interest, as principal, in the 8.00 per cent guaranteed convertible notes due 2016, issued by FKP Property Group ("Existing Notes") and, if some or all of its Existing Notes are redeemed it will benefit from the proceeds of the Offer, which will be used in part to repay amounts due under the Existing Notes.

In the ordinary course of its various business activities, the underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade or effect transactions in equity, debt and other securities, derivatives, loans, commodities, currencies, credit default swaps and/ or other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/ or instruments of FKP Property Group, its related entities and/ or persons and entities with relationships with FKP Property Group and/ or its related entities. The underwriter and/ or its affiliates, or their respective officers, employees, consultants or agents may, from time to time, have long or short positions in, buy or sell (on a principal basis or otherwise), and may act as market makers in, the securities or derivatives, or serve as a director of any entities mentioned herein. The underwriter and/ or its affiliates currently hold, and may continue to hold, equity, debt and/ or related derivative securities of FKP Property Group and/ or its related entities.

None of the underwriter nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any representations or warranties to you (or other statements upon which you may rely) concerning this Entitlement Offer or any such information. The engagement of the underwriter by FKP Property Group is not intended to and does not create any agency, custodial, fiduciary or other legal relationship between the underwriter and any securityholder or other investor.

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